



OFFICE OF  
**INSPECTOR  
GENERAL**  
UNITED STATES POSTAL SERVICE

# HIGHLIGHTS

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October 22, 2013

## Processes and Procedures Over Improper Payments

Report Number FT-AR-14-001

### **BACKGROUND:**

Improper payments are payments that should not have been made or were made in an incorrect amount. Congress passed several laws over the past few years to elevate improper payments in the federal government to the same level of importance as they are in the private sector. As a result, federal agencies have implemented programs to identify, track, reduce, report, and recapture improper payments.

The U.S. Postal Service is not required by law to implement such programs but, like most private organizations, is required to follow the Sarbanes-Oxley Act and generally accepted accounting principles.

In the private sector, improper payments threaten profitability. In the federal sector, agencies lose billions of dollars in program funds. The U.S. Postal Service Office of Inspector General identified about \$203 million in improper payments during fiscal years 2012 and 2011 that were recoverable and available for other purposes.

Our audit objective was to determine whether the Postal Service could enhance its procedures and processes that identify, track, reduce, and recapture improper payments.

### **WHAT THE OIG FOUND:**

The Postal Service uses several elements, such as scorecards and Sarbanes-Oxley Act controls, to identify, track, reduce, and recapture improper payments. However, management could enhance its controls by considering best practices identified during our benchmarking efforts, including using data mining to implement a continuous monitoring program over improper payments. During this time of financial uncertainty and requested legislative relief, the Postal Service's reputation with Congress and other stakeholders could be negatively impacted if it does not enhance controls in this area. Further, management does not have a process established to fully monitor and pursue restitutions and recoveries of nearly \$9 million settled by federal courts. Of this amount, we considered about \$1.2 million as monetary impact. State and local settlements may offer additional revenue-collecting opportunities.

### **WHAT THE OIG RECOMMENDED:**

We recommended management use best practices, including data mining, to implement a continuous monitoring program over improper payments and implement a process to monitor and collect court-ordered payments.